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AUGUST 15, 1966

8 YEARS OF RESEARCH
UNDER PUBLIC LAW 480

1966 FARM EXPORTS
WERE RECORD HIGH

ECC'S COMMON FARM
POLICY NEARLY COMPLETE

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

AUGUST 15, 1966

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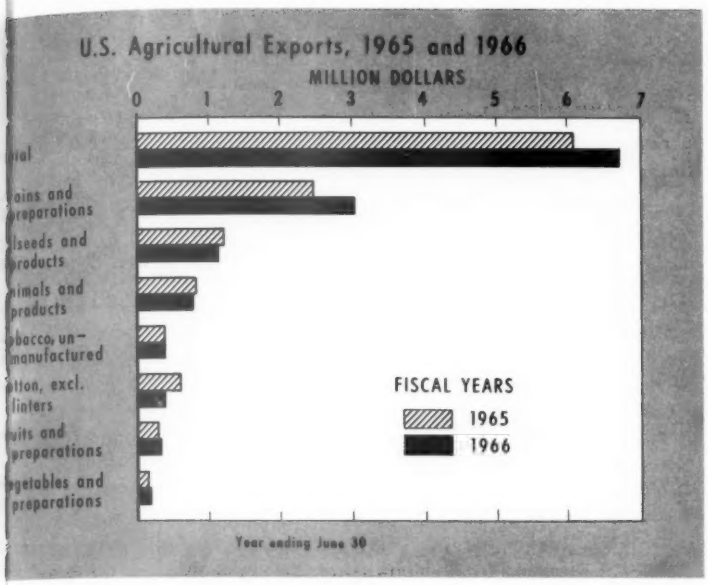


At $6.7 Billion U.S. Farm Exports Set New Record

By ROBERT L. TONTZ
DEWAIN H. RAHE
Foreign Development and Trade Division
Economic Research Service

Thanks entirely to an increase in commercial sales for dollars, U.S. agricultural exports reached a record-breaking $6.7 billion in fiscal 1965-66, exceeding the previous fiscal year record by $600 million. This large gain in agricultural exports contributed significantly to narrowing the U.S. balance-of-payments gap.

Commercial sales for dollars came to an estimated $5.1 billion, compared with $4.4 billion a year earlier. Their $700-million increase not only accounted for all of the gain in total U.S. agricultural exports, but also made up for a $100-million loss in exports under government-financed programs.

Economic growth in such major markets as the Western European countries and Japan continued to stimulate U.S. agricultural exports.

Most commodities gained

U.S. exports in 1965-66 represented over one-fifth of the world's agricultural trade. With abundant, high-quality, and attractively priced supplies of most of the important commodities entering world trade, the United States continued to be the world's top exporter of agricultural products.

For several commodities, such as dairy products and lard, exports were somewhat limited by smaller exportable supplies; but where domestic prices were higher than world prices, export payments enabled U.S. exporters to compete with other major world suppliers. U.S. agricultural products were introduced to many new customers in a number of the important foreign markets, through vigorous promotion programs that included product demonstrations at trade fairs and trade centers.

Our top-ranking exports

Three major commodities accounted for most of the $600-million net gain in exports: feedgrains, wheat and flour, and soybeans. Feedgrains alone provided approximately $400 million of the increase. Wheat and flour and soybeans, with increases of $163 million and $136 million respectively, also contributed substantially to the new export record. Significant although smaller gains were registered for fruits, hides and skins, oilcake and meal, rice, and vegetables.

These export gains offset much of the loss of nearly $200 million in exports of cotton as well as the smaller declines in cottonseed and soybean oils, dairy products, and animal fats. Tobacco exports were approximately the same in value but lower in quantity.

Feedgrains starred

A review of the export performance for each major commodity group reveals that a number of export records were established during fiscal 1965-66.

U.S. exports of *grains and preparations* rose to a record $3,061 million in 1965-66, one-fourth larger than for the previous fiscal year. Grains and preparations in 1965-66 accounted for 46 percent of total agricultural exports compared with 40 percent a year earlier. The sharp gain in U.S. exports of feedgrains and wheat, along with a smaller gain for rice, accounted for the increase.

Exports of *feedgrains*, excluding products, totaled a record 25.4 million metric tons, up from 17.6 million. Exports to the European Economic Community increased to over 10 million tons and accounted for two-fifths of U.S. feedgrain exports. Japan purchased 4.6 million tons, compared with 3.2 million a year earlier. U.S. exports of feedgrains continued to benefit from the rapid increase in livestock production in Japan and Western Europe.

Both wheat and rice increase

Wheat and flour exports reached a new high of 859 million bushels compared with 716 million the year before. The increase in wheat exports was primarily in commercial sales for dollars, which totaled an estimated 300 million bushels in 1965-66 compared with 158 million in 1964-65. Japan continued to be the largest dollar market for U.S. wheat, taking over 70 million bushels. India—principal outlet for U.S. wheat under specified government-financed programs—received 262 million bushels. Other principal foreign outlets were Pakistan, Yugoslavia, Egypt, Brazil,

South Korea, the Netherlands, the Philippine Republic, the United Kingdom, and West Germany.

Exports of *rice* totaled 30.4 million bags, an increase of nearly 2 million. This increase reflected a decline in exports from other major suppliers, somewhat smaller production in some major importing countries, and rapid population growth in the newly developing countries.

Oilseeds again at record level

Exports of *oilseeds and products* advanced to their fifth consecutive record—$1,224 million, from $1,116 million the year before. Substantial gains by soybeans and by oilcake and meal accounted for the increase. Exports of vegetable oils and flaxseeds were below the level of the previous year. U.S. exports of soybeans increased 48 million bushels to a new record of 257 million bushels. Commercial sales for dollars accounted for nearly all of these exports, which (like those of feedgrains) owed their increase to the rapidly expanding livestock production of Japan and Western Europe.

Fruits, vegetables up

Exports of *fruits and preparations* were $327 million—a 13-percent gain. The increase resulted mainly from larger exports of fresh fruits, especially apples, grapefruits, grapes, lemons and limes, oranges, berries, and pears. Other increases occurred for canned pineapples, prunes, raisins, and fruit juices. Increased production and favorable prices of fresh fruits encouraged exports.

Exports of *vegetables and preparations* advanced to $170 million from $154 million. Fresh vegetable exports rose to $65 million, up 27 percent. Canada was the principal outlet for our fresh vegetables, taking over one-half of the export total for the year.

Animal products, cotton, tobacco down

Exports of *animals and animal products* totaled $777 million—down 4 percent from a year earlier, because of declines for lard, tallow, and dairy products that were not offset by value increases for meats and products, hides and skins, and poultry products.

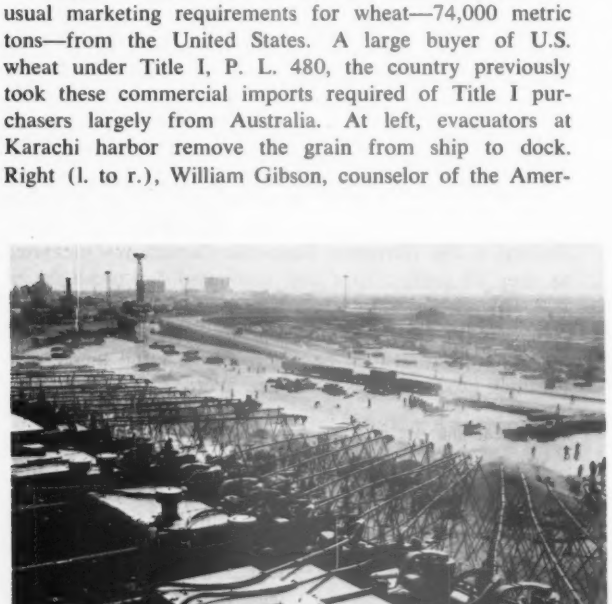
U.S. exports of *cotton* fell 1.4 million bales, to 3.1 million. Consumption of manmade fibers continued to advance in foreign Free World countries, and their consumption of cotton was down slightly. But the sharp decline in U.S. exports largely reflected a working down of cotton stocks in these other Free World countries in anticipation of lower prices during 1966-67. Principal U.S. outlets were the EEC countries, Japan, Canada, India, South Korea, the United Kingdom, Hong Kong, and Taiwan.

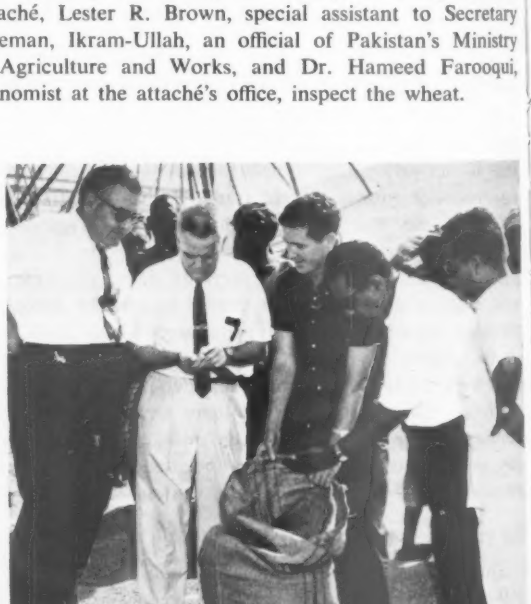
U.S. exports of unmanufactured *tobacco*, totaling 472 million pounds, were reduced slightly. The decline occurred from shipments of flue-cured tobacco, for those of other types were generally larger than a year earlier.

Total agricultural exports for the year represented a little over one-fifth of total U.S. exports, but they accounted for nearly two-fifths of the favorable U.S. merchandise trade balance of $5.7 billion. That balance was 13 percent lower than the one for the previous fiscal year: increases in imports of nonagricultural commodities consisting of such items as transport equipment, machinery, iron and steel, and nonferrous metals more than offset the gain in exports of nonagricultural commodities.

U.S. Wheat Fills Pakistan's 1966 Commercial Import Requirement

Pakistan in fiscal 1966 for the first time bought all its usual marketing requirements for wheat—74,000 metric tons—from the United States. A large buyer of U.S. wheat under Title I, P. L. 480, the country previously took these commercial imports required of Title I purchasers largely from Australia. At left, evacuators at Karachi harbor remove the grain from ship to dock. Right (l. to r.), William Gibson, counselor of the American Embassy, Dr. Harry R. Varney, U.S. Agricultural Attaché, Lester R. Brown, special assistant to Secretary Freeman, Ikram-Ullah, an official of Pakistan's Ministry of Agriculture and Works, and Dr. Hameed Farooqui, economist at the attaché's office, inspect the wheat.





Finnish scientist and assistant note progress of clover grown from U.S. seed. This seed proved highly adaptable to Finland's climate, and the country is likely to import considerable amounts.

Below, Finnish lumberman removes bark from a species of pine so that scientists can analyze it for the substance which attracts bark beetles. Substance will then be used in traps.

Eight Years of Agricultural Research Under P.L. 480

By H. A. FOWELLS
Foreign Research and Technical Programs Division
Agricultural Research Service

Scientists in 29 foreign countries have been making substantial contributions to U.S. agriculture over the past 8 years, with discoveries ranging from new uses for U.S. soybeans and extraction of useful substances from exotic plants to saving millions of board feet of timber from the pestilent bark beetle.

Financed by foreign currencies earned from the sale of surplus agricultural commodities under Title I of P.L. 480, this research as of last March involved about $50 million. A total of 775 grants have been made since mid-1958 to institutions on every continent except North America. Of these, 195 have been completed or terminated. USDA's Agricultural Research Service administers the program—geared toward research on production and utilization of forest and farm products, as well as marketing of the latter.

People who have worked closely with the program feel the United States is certainly getting its money's worth in terms of fundamental knowledge, better crops, new products, new techniques, and protection of its own crops. Furthermore, these research projects have brought added recognition to foreign scientists, developed a spirit of close cooperation between them and their American counterparts, aided in the training of new scientists, and updated many overseas laboratories.

Here are some results of projects completed or nearly completed under the research program.

New uses for U.S. soybeans

Researchers in Japan came up with two new uses for U.S. soybeans. One was in the preparation of soy sauce, an important item in the Japanese diet, made by a centuries-old process of fermenting soybean protein with wheat. In experiments conducted by the Japanese Soy Sauce Research Institute in cooperation with 13 producers, American soybeans produced a soy sauce equal in quality to that made from Japanese beans. At the time the study was conducted, American soybeans cost about $12 less per ton than Japanese beans—a saving in cost for an equally acceptable product that made the marketing position of U.S. soybeans more favorable.

A second new use for U.S. soybeans resulted from re-

search conducted by the Central Miso Institute. Scientists found that miso—a staple food of the Japanese people—prepared from soybean grits is superior to that prepared in the traditional way from whole soybeans, and several U.S. varieties proved satisfactory in the preparation.

As a result of a study in Spain, U.S. soybean oil may find increased use there and in other Mediterranean countries where people commonly use olive oil in cooking. In carefully controlled taste tests, neither rural dwellers nor university people were able to distinguish between their usual foods cooked in olive or in soybean oil. Improvement in the frying quality of soybean oil could further increase its market acceptability.

Product quality improved

From a P.L. 480 research project in Italy comes news that the market value of U.S. cattle hides need not depreciate. For years European tanners have discounted the value of American hides because of red spots. This defect, known as "red heat," was caused by bacterial infection during shipment.

Italian scientists found that at least 11 different bacteria could cause the infection. After testing many germicides, they found four capable of controlling the infection; one, ziram, is readily available. The scientists recommended changes in curing procedures to minimize chances of infection, making American hides more competitive in Europe and adding several million dollars a year to their market price.

Israeli scientists working to develop techniques to assure that imported feedgrains arrive safe for animal consumption found a rather simple test for detecting ethylene dibromide in fumigated grains. (Feedgrains moving in international trade are usually fumigated to inhibit pest activity. If the grains are not properly aerated, the concentration of residual ethylene dibromide may be hazardous to cattle and poultry.)

In this project, the researchers used a halogen leak instrument to detect the chemical. This instrument is simple enough for commercial feed dealers to use and sensitive enough to detect amounts of ethylene dibromide safe for cattle and poultry.

New products developed

British scientists have found a new, rust-protective coating for iron and steel that could lead to decreased costs, better products, and increased use of agricultural oils. Prepared from linseed and other domestic oils, this coating can be burned off during welding, leaving a clean surface with no residue. Expensive preparation of the metal for welding is eliminated, and even the welding rods can be coated to prevent rusting. As a result of these discoveries, five U.S. patents have been filed.

Scientists in the United Kingdom have also discovered nontoxic chemicals to prevent rancidity in foods. Knowing that precooked or heat-processed oats become rancid while raw oats keep very well, the scientists found that the natural substances, or antioxidants, which prevent rancidity in raw oats are destroyed by the heat of processing. They then isolated nine antioxidants from the oil of oats, determined the chemical structures of these compounds, and synthesized similar compounds from naturally occurring substances. Soluble in both oil and water, these new antioxidants have a great potential market in the food-processing industries. A public service patent has been issued for them and USDA has received numerous inquiries from food processors.

Crop research

To find new plants whose seeds, leaves, or roots might have industrial uses in the United States, Turkish botanists collected 1,400 samples from among their country's native plants. Of these, 238 species showed protein and oil content of more than 40 percent and 19 yielded enough seed—1,400 to 7,000 pounds per acre—to warrant further testing. Highly unusual oils, not previously known to occur naturally, were found in 11 species and antitumor activity in 5. Some of these exotic plants may prove valuable not only in industrial development, but also as germ plasm in improving U.S. crops.

A project in Finland has resulted in a new market for clover seed from the State of Washington. Much of Finland's cultivated land is in grass or clover, but because of weather conditions during the flowering season, clover seldom produces seed, and farmers have to import it regularly. Often, clover from imported seed fails to survive under Finnish conditions or is less productive than local clover. Some types tend to shift genetically, changing production after three or four generations.

In this project, seeds grown in various parts of the United States and Canada were planted in three areas of Finland. The seed from Washington produced so well, Finnish firms are contracting for the production of Finnish alsike and red and white clovers there. Exports may reach 300,000 pounds within the next few years.

Protection of American forests

Also in Finland, scientists have made a discovery that could save millions of board feet of timber from the bark beetle. These scientists isolated a chemical, a-terpiniol, which attracts beetles to a particular species of pine. They found that commercially available a-terpiniol contains a substance that also attracts beetles, though not as strongly as the naturally occurring chemical.

The development of an effective attractant would make possible the use of traps to control beetles, eliminating the need for expensive control procedures and preventing the build-up of disastrous epidemics. At present, foresters control bark beetles by treating each tree with an insecticide or, if necessary, by cutting the infested trees and either removing the bark or burning the trees. These procedures are usually feasible only in areas of high scenic or recreational value.

Another potentially serious pest to American forests—a weevil which attacks young seedlings—was found in Poland. This insect's liking for Douglas fir, one of America's most important trees, and other North American trees was observed in a project to find out whether potentially serious pests existed in that part of the world. Since many pests of American forests—blister rust, chestnut blight, Dutch elm disease, and several insects—come from overseas, U.S. forest scientists have sponsored similar studies in Yugoslavia, Colombia, Brazil, Uruguay, and Taiwan.

So far, the weevil has been the most threatening hazard found. Knowing it could severely damage U.S. forests, foresters will need to be prepared with control measures should it ever slip through quarantine inspections.

The EEC's Common Agricultural Policy Is Nearly Completed

Recent decisions lay the basis for free Community-wide movement of farm products by July 1, 1968—stage at which the CAP has aimed since 1962.

By JOHN F. HUDSON and JAMES B. SWAIN
Trade Policy Division
Foreign Agricultural Service

Meeting July 22-23, after a month of almost continuous debate, the Council of Ministers of the European Economic Community finally resolved the host of issues that had prevented it from completing a Common Agricultural Policy (CAP) for over 90 percent of the Community's farm production.

The Ministers agreed on (1) a basic regulation for fats and oils; (2) the elements, including production quotas, of a regulation for sugar; (3) market support and export subsidy arrangements for fruits and vegetables; (4) common price levels for beef, rice, milk, olive oil, oilseeds, and sugar; and (5) a resolution to decide by December 1, 1966, what aids to agriculture Member States may provide along with the CAP.

The CAP timetable

Free movement of farm products in the EEC at common price levels begins November 1, 1966, for olive oil; January 1, 1967, for the main fruits and vegetables; July 1, 1967, for grains, pork, poultry, eggs, and oilseeds; September 1, 1967, for rice; April 1, 1968, for dairy products; and July 1, 1968, for sugar. While common beef prices take effect April 1, 1968, the Council must still decide by July 1, 1967, how to remove by the following July 1 the remaining duties and restrictions on internal trade in beef and on certain other commodities, so that free movement can begin then.

Only when all farm products can move freely with the Community will the full effect of the CAP on production and trade be felt. The United States has a large stake in the way the CAP takes shape, for its agricultural exports to the EEC totaled $1.5 billion in 1965. Of this trade, CAP regulations now cover $1.1 billion, including about $350 million of duty-free products (principally oilseeds and oilcake); and the variable levy system now applies to about $642 million of our exports to the EEC.

The chief U.S. product to which the CAP has yet to be applied is unmanufactured tobacco ($106 million). Other U.S. agricultural exports still outside the CAP provisions totaled $245 million in 1965, including cotton, hides and skins, dried fruits and vegetables, and hops.

Purposes of the CAP

As the EEC's founding agreement—the Rome Treaty—states, the Common Agricultural Policy should aim to provide greater efficiency in production, a fair return for Community farmers, stable markets, regular supplies, and reasonable prices to consumers in a single Community-wide market with a common price level.

Central to the CAP is its single regulated system of prices, as the means to guide agricultural production and trade and at the same time achieve the diverse objectives of farm income support and consumer protection. These price arrangements differ, but for many commodities the EEC fixes an annual "target" price which Community farmers should be able to obtain in the market.

New price levels

The prices agreed upon at the July 22-23 meeting range from 7 to 30 percent higher than current corresponding prices in the Member States having the largest production of the commodity concerned. Such a deliberately large increase in prices will necessarily involve great difficulty in avoiding inflation, substantial rises in production, and a consequent shrinking of markets for imports behind protective levies. These high prices result both from a conscious effort to stimulate production (especially of beef) and from political compromises benefiting the Member States having less efficient, higher cost producers.

Because farming in the EEC still comprises many small, high-cost production units (two-thirds of the farms are under 25 acres), elaborate market organization schemes have been devised to keep prices at high target levels regardless of the quantities produced. Chief among these measures are import levies and duties, support buying, and export subsidies. Production controls have been avoided so far, except for sugar. Deficiency payments (direct price support payments to producers) will be used only in a few instances—e.g., where the interest of consumers precludes raising Community prices to the desired target levels.

Variable import levies and what they cover

For many products, in order to have a single type of import control that would combine the protective effect of such pre-CAP measures as customs duties and import quotas, these earlier restrictions were replaced by a variable levy. For basic grains, sugar, rice and olive oil, this is a single levy equal to the difference between the internal price level and the lowest representative world price. Levies, which may be calculated daily, are generally applied uniformly to all imports regardless of their price. They are the only import charge the EEC makes for grains, rice, sugar, olive oil, pork, eggs, poultry, and dairy products. For processed products such as flour, feeds, milled rice, starch, sugar preparations, and dairy products, the levy includes an extra amount to protect the processing industry.

For pork, poultry, and eggs, there are two levies. One is based on the difference between prices of feedgrains on the world market and prices within the Community; it includes additional fixed elements of protection. The other is a "supplementary" levy equal to the difference between a minimum import price (gate price) and the lowest representative world price.

Other types of restrictions and charges may also apply, however. For certain fresh fruits and vegetables an additional "compensatory" tax may be imposed to offset a fall in import prices below a reference price. Currently, these

The table at right shows the major provisions of the EEC's market organization schemes, including the common target prices and the types of market support and import control applicable.

reference prices are set seasonally for tomatoes, oranges, mandarines, clementines, lemons, grapes, apples, pears, peaches, cherries, and plums. The compensatory tax differs from a variable levy in several ways, especially in not being applied against products priced above the minimum. Marine and vegetable oils (other than olive), whether domestic or imported, may be subject to an additional internal tax of 1.6 cents per pound to help finance the olive oil support program.

Frozen processing beef is subject to an import quota. Import certificates—normally issued freely—are required for certain products, including those falling under the grain and rice regulations and also milk and cream, butter, frozen beef, and probably sugar.

How the CAP uses support buying

The recent Council actions extended support buying—already provided for grains, butter, cattle and fresh beef, and rice—to sugar, oilseeds, olive oil, some cheese, and some fruits and vegetables. The policy for dairy products is to be reviewed again by January 31, 1968.

Under the beef regulation, levies are applied only to live cattle and calves and to fresh, chilled, or frozen beef and veal; they do not replace customs duties, but are charged in addition, whenever EEC market prices are less than 5 percent above target levels and import prices also fall below a minimum. Certain products, however, are subject to maximum levies: seed corn, certain cattle not for slaughter, frozen beef for processing (within quota), pork offals, poultry liver, prepared or preserved poultry or pork (including sausage), certain cheeses.

Other import restrictions and charges

Customs duties apply to cattle, calves, beef and veal, and all agricultural products not subject to variable levies, except for certain important raw materials like oilseeds, oilcake, cotton, and hides and skins, which are duty free. Thus, for vegetable oils rather than olive oil and for many other products, import duties are the principal means of protecting internal market prices.

For most products, government purchases take place at intervention prices fixed by the Council at a level somewhat lower than target prices; they therefore constitute a direct market-price guarantee for the basic products regardless of the quantities sold. These guarantees influence production and price levels not only for the basic products themselves, but for products derived from them.

Under the system just agreed upon for fresh fruits and vegetables, however, market intervention will be undertaken by private farm organizations—producers' cooperatives—on their own authority. The EEC's Agricultural Fund will pay half the cost of aid to establish and strengthen such organizations, with eligible aid due to be defined by the end of this year. Producer organizations may set their own price levels (up to a ceiling fixed by Member States) for withdrawing products from the market. The Council will set "base prices" for each product.

Backed by the EEC's Agricultural Fund, Member States will reimburse the producer groups for withdrawal operations whenever prices drop to 75-85 percent of the base prices (less for some products: for example, 65-70 percent for apples and pears, 55-60 percent for cauliflowers and tomatoes). If prices drop another 15 percent from base prices, the governments will purchase the products. The Council designed this arrangement—valid until 1970 on a "trial basis"—primarily to benefit Italy; it set an annual limit of $60 million on EEC Fund reimbursements, of which $40 million is earmarked for Italy.

Product group	Price to be supported per metric ton or per pound	Effective date of common prices
Grains (including flour, meal, malt, starch, glucose and feeds).	Target prices (wholesale): Soft wheat $106.25/ton; Barley $ 91.25/ton; Corn $ 90.63/ton; Rye $ 93.75/ton	July 1, 196
Rice (including flour, meal, starch, feeds).	Target price (wholesale): Brown rice 8.2¢/lb.	Sept. 1, 196
Sugar (Beets and cane sugar and syrup).	Target price (wholesale): Refined sugar 10.1¢/lb. Beets (producer) $17.00/ton	July 1, 196
Dairy Products (including lactose and feeds).	Target price (Member State option): Fluid milk: At farm 4.42¢/lb. At dairy 4.67¢/lb.	Apr. 1, 196
Poultry (live poultry, meat, offals, and fat).	Indirect price support through levy system.	July 1, 196 (grain prices
Eggs (except egg whites).	do	do
Pigmeat (live pigs, pork, sausages, offals and lard).	do	do
Beef and Veal (live cattle and fresh, chilled and frozen meats incl. prep.).	Guide prices (wholesale): Cattle 30.1¢/lb. Calves 40.6¢/lb.	Apr. 1, 196
Fruit and Vegetables (fresh or chilled; potatoes & tropical fruit excepted).	Base prices (wholesale): Yet to be agreed upon.	Jan. 1, 196
Oilseeds and Vegetable Oils (including oil cake, margarine, marine oils).	Norm price (producers): Olive oil 52.2¢/lb. Rapeseed 9.2¢/lb.	Olive oil, Nov. 1, 196 Oilseeds, July 1, 196
Tobacco (Not yet agreed).	Target price	July 1, 196
Seeds, Bulbs, etc.	None	None
Wine		Common agric

Marketing devices—diversion and export subsidies

Products bought by intervention agencies are disposed of internally, but without disrupting the market, or externally with the aid of export subsidies if necessary.

Most products falling under the common market regulations, with the principal exceptions of oilseeds and products and of seeds, are eligible for export subsidies equal to the difference between internal Community prices and world market prices. Subsidies have just been voted for fruits and vegetables; they may reportedly be authorized for fresh oranges, mandarines, lemons, grapes, hazelnuts,

Effective date of common prices	Internal market support measures		Import control measures				Export subsidies	Other provisions
	Government purchases	Deficiency payments	Variable levies	Customs duties	Import quotas	Import certificates		
July 1, 196	Yes	Durum wheat only.	Yes	No	No	Yes	Yes	Diversion subsidies: denaturing of breadgrains (wheat/rye).
Oct. 1, 196	Yes	No	Yes	No	No	Yes	Yes	Levies on broken rice refunded for starch production.
July 1, 196	Yes	No	Yes, on sugar content.	No	No	Yes?	Yes	No.
Apr. 1, 196	Butter & some cheeses	No	Yes	No	No	Yes, on milk, cream, butter.	Yes	Consumer subsidies and diversion subsidies.
July 1, 196 main prices	No	No	Yes	No	No	No	Yes	No, but trade subject to sanitary and veterinary standards.
do	No	No	Yes	No	No	No	Yes	No.
do	No	No	Yes	No	No	No	Yes	No, but trade subject to sanitary and veterinary standards.
July 1, 196	Adult cattle and fresh beef only.	No	Yes, supplementary to duties.	Yes	Frozen beef only.	Yes, mandatory for frozen beef.	Yes	do
July 1, 196	Yes	No	No, but minimum import price may require compensatory tax to equalize price of cheaper imports.	Yes	No	No	Yes, including some canned goods.	Quality standards.
Olive oil, July 1, 196 oilseeds, July 1, 196	Olive oil and oilseeds.	Olive oil and oilseeds.	Olive oil only.	Yes, except olive oil and duty-free items.	No	No	Olive oil only.	No
July 1, 196	Yes	Yes, or indirect to buyers of EEC tobacco.	No	Yes	No	Yes	Yes	No
None	No	No	No	Yes	No	No	No	Quality standards and varietal lists.

In agric incomplete. Common marketing arrangements uncertain other than controls on quality and appellation.

almonds, chestnuts, peaches, canned tomato products, most canned fruit with added sugar, and all canned juices.

As an alternative to financing exports, the EEC could finance the diversion of products to secondary uses. The main example until now has been the reimbursement of Member States for the cost of premiums paid for denaturing wheat to feed use. Pressure has increased for more such assistance to offset the effect of rising farm prices on the processing industry. For example, the July Council action provided compensatory payments to processors converting skimmed milk to animal feed and casein.

Deficiency payments, consumption subsidies, production quotas

Where EEC production is small or restricted to a few regions, the EEC will resort to deficiency payments rather than permit consumers to pay directly the full cost of farm income support. Thus durum wheat producers are to receive an extra payment of $20 a ton when the common price goes into effect. Olive and oilseed producers will receive direct subsidies equal to the difference between the target price and a higher "norm" price.

Also to aid consumers, Germany and the Netherlands were authorized to make subsidized sales until 1970 from government stocks of butter and Gouda and Tilsit cheese.

The EEC has relied on price alone to control production; but it reversed this stand when confronted with the cost of operating a large-scale support system for sugar. Production quotas totaling 6,480,000 metric tons of refined sugar per year are to apply from July 1, 1968, to June 30, 1975. While this amount is generous relative to the 5,717,000-ton average production reported for 1961-65, production may receive an extra stimulus from higher beet prices.

Quality standards and health regulations

For fruits and vegetables and for seeds, the EEC fixes strict standards which must be met by imports as well as local production. Community regulations for grain seeds, forage seeds, beet seeds, seed potatoes, and forestry reproductive material were approved by the Council in June. These regulations set minimum quality standards which in some respects may be made more rigorous by Member States. More important, for seeds to be sold in the EEC, they must be of varieties included on national lists main-

tained by the Member States, pending approval of Common Lists by 1970.

Common regulations for fruit and vegetable reproductive material are still to be drafted. Some 27 fresh fruits and vegetables are now subject to common EEC quality standards.

The standardization of Member States' plant, animal, and food health laws has barely begun. Only a few rules are now in effect, setting minimum health requirements for live cattle and pigs and for fresh, chilled, and frozen beef and pork and defining coloring agents and preservatives for food. The EEC generally demands much stricter tolerances with respect to additives and preservatives; it also has difficulty in accepting certification of "equivalent" rather than identical sanitary and veterinary procedures. In addition, Member States may have standards that are more rigid than the minimum set by the EEC. Thus, EEC health regulations may give U.S. exporters greater difficulties in coming years.

What remains to be done

The Council's recent decisions are mostly guidelines to the EEC Commission for the drafting of implementing regulations, which must be submitted again to the Council for final approval. Further regulations are in store for tobacco, wine, and processed food products such as candy, bread, biscuits, glucose, noodles, casein, and beer.

Measures presently under discussion for tobacco include support buying, deficiency payments, import licensing, and export subsidies. Completion of the tobacco regulation hinges in part on the resolution of EEC policy toward national monopolies generally.

For wine, quality and appellation control is indicated. Other production and trade controls for wine will be left to the Member States for the time being. For processed goods, export subsidies are planned, to offset higher raw material costs.

A major decision, which must be taken by December 1, 1966, involves what assistance to agriculture may be given by a Member State in addition to that provided by the CAP. Up till now, pending the application of common prices, CAP regulations have permitted many practices that have often greatly moderated the impact of the CAP on Community production and trade. Examples are limitations on price support payments for French grain, wheat purchase subsidies for Belgian millers, and Dutch market intervention for a variety of dairy products.

Finally, before the EEC can be deemed to have a full common market in agriculture, it must implement policies in a wide range of related fields including social policy, transport policy, taxation policy, and investment policy.

Some CAP implications

The CAP is fundamentally a political compromise between six governments, and as such, it tends to protect the inefficient producer. It aims to permit, if not to stimulate, greater production through price incentives that—in some cases at least—imply an increase in consumer prices. It also aims to insulate the system against outside prices by raising import prices through levies up to or above the EEC prices, and by exporting any surpluses with subsidies if necessary. Thus, incentives to greater efficiency are largely limited to aid for structural improvements to agriculture as a whole.

The full results of the CAP will be seen only after common prices have been in effect for a time. Thus, for many products, third countries like the United States will be permitted to compete only for that part of the EEC market that cannot be supplied by domestic production. And for some products like tobacco, raisins, and vegetable oils, the EEC's special trading arrangements with its associated states (Greece, Turkey, and 18 former African colonies) will give those states a preferred position.

Land Reform in Its Broader Economic and Social Setting

Swedish economist Gunnar Myrdal, *at the World Land Reform Conference in Rome this summer, pointed to obsolete land tenure patterns as one of the big barriers to raising agricultural yields in underdeveloped countries. His talk is summarized here.*

Land reform in the underdeveloped countries and in the world at large has been motivated by two main considerations: one, the demand for greater social and economic equality, and two, the need for higher productivity.

Historically, the demand for greater equality has been in most underdeveloped countries the primary concern, and it has given its coloring to the political debates on the land reform issue and also rendered its imprint on the legislation that has been enacted. Up to now, though, this legislation has been mostly rather ineffective.

This demand for greater equality has to be seen against the background of the great inequality that characterizes the agricultural population in most underdeveloped countries. The restricted and unevenly spread ownership of land is almost everywhere the main prop for this inequality, and for the rigidity by which it is retained.

It is often held that the splitting-up of larger land holdings into individually owned family farms could be detrimental to the productivity of land and labor. This I consider a weak argument. Where the larger land holdings are actually functioning as production units, they are often not very effectively managed. And where there is sharecropping and other forms of tenancy, the land is actually already split up along lines not too different from what would be the result of giving the land to the tillers. But more importantly land reform does not necessarily imply the splitting-up of land, though it will often be the appropriate way.

Three trends of change

Today there are powerful and threatening trends of change underway—in addition to the tendency toward increasing economic equality—that make radical land reform, geared to the goal of raising agricultural productivity, an urgent matter of survival.

One such trend of change is the rapid and accelerating population increase in all underdeveloped countries. As we do not want to hamper the use of modern medical technology to bring down the death rate—which is the cause of the rise in the population increase rate—the only

hope of changing the population trends is the spread of birth control among the masses.

A second trend is a tendency in recent years to a slowing-down of economic growth in the underdeveloped countries; this trend is, of course, not unrelated to the rapid population growth. It is particularly visible in an insufficient development of production in the major industry of all underdeveloped countries—namely, agriculture. By and large, in Asia, Africa, and Latin America food production in recent years has not kept pace with the population development and in most underdeveloped countries is now at a lower level per capita than before the war.

A third trend is the leveling-off of aid—except for food aid—from the rich countries to the underdeveloped ones. In real terms, the grants, the credits, and the direct investments have recently rather tended to decrease. Meanwhile, the foreign debts of the underdeveloped countries, and consequently payments due for debt charges, have been rapidly rising and are now an increasing burden on their balance of payment.

Hunger threat is immediate

Together these three trends of change are creating an exceedingly and unprecedentedly dangerous world situation, with the life and social order at stake for the huge majority of people in most underdeveloped countries and with consequences for international relations which menace also the security and welfare of the rich nations.

The point to stress is the immediacy of the threat implied in these trends. Indeed, a future historian may place the beginning of the hunger crisis at a point in time already past.

We know that big countries like Pakistan and India and many smaller countries would already have been seriously affected had it not been for large-scale international assistance, mainly the food deliveries without exchange compensation under Public Law 480, from U.S. food surpluses. Last year these accounted for a third of the total U.S. wheat crop, and they will be still bigger this year.

As the population is running ahead of the agricultural production in the underdeveloped world and creating an increasing need for food aid, it is my considered conviction that there will be a positive response in the rich countries. The United States is already on the verge of deciding to increase its acreage under cultivation in order to meet the needs of underdeveloped countries. There are also some other rich countries, and a few underdeveloped countries, that should be in a position to increase their output substantially and rapidly.

Increasing yields the big task

The rich countries, however, cannot be expected to increase their aid on this scale without becoming satisfied that the aid-receiving countries are taking effective measures to raise their agricultural production and to implement policies to spread birth control.

What increase there has been in agricultural production in most underdeveloped countries has been due to an extension of the cultivated area, while yields per hectare have hardly risen at all but remained stagnant on traditionally low levels. While there is still almost everywhere new land to be cultivated, this reserve is decreasing in countries with a high man-land ratio. Therefore, if the trend of agricultural production should be made to increase substantially, yields will have to be increased.

The means to raise yields can generally be characterized as the application of a more productive technology. But technology is not enough. It has to be applied, and this raises the human problems of physical stamina, mental alertness, knowledge, attitudes, and social institutions.

It is a fact that a substantial and rapid increase in agricultural yields has rarely, if ever, occurred in traditional farming, where levels of living of the people are depressed and where illiteracy, incipient diseases, and general apathy are prevalent. Nor does the yield increase take place where the relationship between man and land is such that it gives little incentive to anyone—whether he belongs to the underprivileged or the privileged classes—to use new techniques, invest in the rise of output, or, indeed, exert himself in any way different from what has become a tradition.

Success lies in coordinated attack

What is needed is a coordinated attack on inequality, poverty, and low productivity, where land reform, community development, agricultural extension services, cooperation, and many other efforts toward rural uplift are not isolated from each other but planned and pursued as a combined policy. More specifically, without measures to reduce monopoly over land ownership it is unrealistic to expect these other reform efforts to accomplish much.

The reforms constitute a radical change of traditional conditions, and since they must be speedily planned and implemented, there is truth in the assertion so often made by intellectual and political leaders in underdeveloped countries that what is needed is an economic and social revolution. The practical problem is whether their realization of this need can overcome the tremendous inertia and resistance in their countries. It is a serious thing that, generally speaking, the only major economic and social change in the underdeveloped world up till now has been the population explosion.

There is also the question of resources. Land reform itself is expensive, if landowners are to be compensated. And all the other elements in the modernization drive imply huge costs. It is simply a fact, that the underdeveloped countries do not possess the financial and personal resources for speeding up the reforms to the extent needed to reach rapid results.

Land reform a world interest

I have long thought that the rich countries should be prepared to give liberal financial and personnel assistance to the carrying-out of land reform and to all the other reforms that are necessary to make possible the raising of yields in agriculture.

When, as I now foresee, they will be increasingly involved in a large-scale operation helping to feed the peoples in underdeveloped countries, and even when they become fully aware of the fact that food aid can at best be no more than a holding operation, it is not overoptimistic to trust that they will also increasingly feel the necessity of aiding these countries to modernize their agriculture and raise yields. One necessary element in this modernization drive is land reform, which more definitely will stand out as a world interest and not merely a national one. But that assumes a fundamental change of mind in most underdeveloped countries themselves.

Quality U.S. Holstein Breeding Cattle Slated For Display and Sale at Italy's Cremona Fair

The display and sale of a special consignment of 40 top-quality, registered Holstein breeding cattle will highlight U.S. participation in the 21st International Dairy Cattle Fair September 9-18 in Cremona, Italy.

Largest dairy cattle fair in Europe, the Cremona show is held annually in the center of Italy's milk-producing area in the heart of the Po Valley.

The U.S. exhibit—sponsored by FAS in cooperation with the Holstein-Friesian Association of America—will also serve as an important headquarters for American dairymen, breeders, and exporters to meet with their Italian counterparts.

The Holstein-Friesian Association is gathering the special consignment of cattle, which will be air-shipped to Milan and stabled near Cremona prior to the show. These cattle will be sold during International Days, the final 2 days of the fair, which are always devoted to foreign cattle not yet entered into the Italian Herd Book. One of America's leading dairy cattle herdsmen, with two assistants experienced in dairy farm operation and cattle showing, will prepare the cattle for exhibition.

In addition to the 40 cattle the association is sending over, about 20 heifers from a commercial shipment imported from the United States by the Milan Breeders' Association in June will be displayed to show the type of animals offered for export.

Old but irregular customer

The intermittent market for U.S. Holsteins in Italy dates back 30 years. In 1960, the then president of the Holstein-Friesian Association and an FAS marketing specialist spent 6 weeks in Italy under a cooperative market development project to determine the potential for expanding U.S. sales. Their report indicated Italian interest in American-type dairy cattle —lines bred for dairy character and high milk production as opposed to the more "beefy," dual-purpose animals available from traditional continental suppliers. Furthermore, the Italians had established a Holstein (or Friesian, as they refer to the breed) association similar to the U.S. one.

In spite of the potential, however, strict import requirements for North American cattle continued to limit the market for U.S. Holsteins and favor European suppliers. Nevertheless, a few head, particularly high-quality bulls, were imported, and both FAS and the cooperator maintained close touch with the market.

Market changes radically

Then, in 1962, weather conditions caused a sharp cutback in European cattle numbers. Italy, a large cattle importer, found that usual sources could not fill its requirements while a simultaneous advance in the Italian economy created greater demand for animal-protein products. In 1964, the United States made its first ocean shipment of feeder cattle to Italy in almost 100 years, and a trial air shipment of veal calves that year started a unique export business that still continues.

At about the same time, the Italian Government realized that the country's dairy herd also needed rebuilding. Registered animals that met minimum production and type requirements were, and still are, permitted to enter duty free. Another government project—to make the Italian dairy herd tuberculosis and brucellosis free through a reactor-slaughter program—further increased Italy's potential as a dairy cattle market.

By 1965, the results of the preliminary market development activities became apparent, for in that year Italy moved into second place as a foreign market for U.S. dairy breeding stock. That September, FAS cooperated with the Holstein-Friesian Association of America and Rome-based feed and feed-additive cooperators in staging its first exhibit at the Cremona fair. Included were a bull and several heifers imported a few weeks earlier by an Italian buyer. The results were well worth the effort, and the Italian Ministry of Agriculture issued an invitation to return in 1966.

By using the Cremona fair as a focal point for promotion, FAS and the Holstein-Friesian Association feel that the Italian market for U.S. Holstein breeding cattle can be further expanded. U.S. breeders and exporters are urged to attend, and details on participation are available from Charles J. Larson at the Holstein-Friesian Association, P.O. Box 808, Brattleboro, Vt. 05302.

—WILLIAM L. SCHOLZ
U.S. Agricultural Officer, Milan

Right, Millan L. Egert (l.), U.S. Consul General, Genoa, and author inspect commercial shipment of U.S. Holsteins upon arrival in Italy last June; below, 1965's fair.

Crop Prospects Appear To Be Exceptionally Good in Turkey

A preliminary tally indicates that Turkey's agricultural production in 1966 will be about 11 percent above the 1965 level and 19 percent larger than the 1960-64 average. This implies an 8-percent increase in per capita output, following 6 years of virtual stagnation.

Turkey's economy turns on agriculture and on the wheat crop in particular. The 1966 wheat harvest (now underway) promises to equal or exceed the record output of 8 million metric tons in 1963, and new highs are also predicted for filberts, cotton, olives, sunflowerseed, and dried figs; only major fruit below the 1965 level is the raisin pack.

Indices of Turkey's crop production in 1965 and 1966, using the 1960-64 average as a base (100) and ERS/FRAD price weights, are given in the following tabulation:

	1965	*1966*
Grain	104	114
Wheat	106	118
Pulses	102	108
Dried fruits and nuts	95	130
Industrial crops	118	128
Total	108	119

Largely responsible for this abundant harvest was favorable weather, particularly the above-average late-spring precipitation in Anatolia, the wheat belt; this was capitalized on with increased grain fertilization. In the coastal areas, where export crops are grown, the upward trend in increased irrigation and fertilization continued.

PRINCIPAL AGRICULTURAL EXPORTS BY TURKEY

Item	July-June		
	1964-65	1965-66 [1]	1966-67 [2]
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
Cotton	171	208	210
Tobacco	60	83	90
Filberts	54	48	60
Raisins	59	66	60
Figs	28	33	40
Olive oil	20	8	35

[1] Preliminary. [2] Agricultural attaché forecast.
State Institute of Statistics unless noted.

PRINCIPAL AGRICULTURAL IMPORTS BY TURKEY

Item	July-June		
	1964-65	1965-66 [1]	1966-67 [2]
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
Wheat	283	200	200
Vegetable oil	48	18	20
Tallow, inedible	22	8	15
Merino wool, greasy	8	8	10

[1] Preliminary. [2] Agricultural attaché forecast.
State Institute of Statistics.

Given such a large outturn, Turkey should be able to set a new agricultural export record in 1966-67. However, preliminary export forecasts are tempered somewhat by foreign demand considerations. Increased sales of filberts, raisins, and olive oil can be expected in Eastern Europe, but moving most all export availabilities will probably be possible only with substantial price reductions.

Wheat imports will most likely be confined to the 200,000 metric tons remaining in the April 1966 P.L. 480 agreement with the United States. Vegetable oil purchases will again be minimal, as the shortening industry continues to run considerably below capacity. With olive oil export availabilities more than double the recent historical level, no takings of oil under P.L. 480 appear likely.

—WILLIAM L. DAVIS, JR.
Assistant U.S. Agricultural Attaché, Ankara

Japan Imports More Soybeans, Safflowerseed

Japan continues to import large quantities of soybeans and safflowerseed but only small quantities of soybean cake and meal.

Soybean imports during January-June, at 1,140,416 metric tons (41.9 mil. bu.), were 29 percent above last year's comparable tonnage. Of the total, 929,021 tons (34.1 mil. bu.) were from the United States, and most of the remainder was from Mainland China. Imports of U.S. beans increased 43 percent, while those from Mainland China declined 10 percent.

Imports of safflowerseed, virtually all from the United States, totaled 44,276 tons. This was 15 percent larger than the total for January-June 1965.

Imports of soybean cake and meal, at 6,998 tons, were only one-fourth the quantity imported in the first 6 months last year. Almost 95 percent of the total came from the United States.

JAPAN'S IMPORTS OF SOYBEANS, SAFFLOWERSEED, AND SOYBEAN MEAL

Commodity and major source	1965	January-June	
		1965	1966
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
Soybeans:			
United States	1,464.9	647.9	929.0
Total	1,847.5	881.5	1,140.4
Safflowerseed:			
United States	112.7	37.9	43.7
Total	113.4	38.6	44.3
Soybean cake and meal:			
United States	41.7	28.3	6.6
Total	46.3	28.4	7.0

Customs Bureau, Ministry of Finance.

Japanese Prices for Chinese Soybeans

Japanese soybean importers concluded price negotiations at the end of June for purchases of soybeans from Mainland China under the Liao-Takasaki (L-T) Agreement for July-October shipment.

The agreed price for the 60,000 tons (2.2 mil. bu.) to be shipped is £47 per metric tons, f.o.b. ($138.10 per

ton, or $3.76 per bu. c.&f.). The 27 Japanese firms participating in the L-T program decided to sell half of their respective shares, or a total of 30,000 tons, to one Japanese oil company at the above price.

Contracted quantities by month of shipment in metric tons, are as follows:

	F.o.b. basis	*C.& f. basis*
July	10,000	5,000
August	25,000	5,000
September	20,000	.....
October	5,000	.....

(For details regarding negotiations on the 4th year's trade under the L-T Agreement see *Foreign Agriculture* Jan. 17, 1966).

Philippine Exports of Desiccated Coconut

Exports of desiccated coconut from the Philippine Republic during January-June 1966 totaled 30,314 short tons, up slightly from the same period a year ago. As in the first half of 1965, nearly three-fourths of the total moved to the United States.

REGISTERED EXPORTS OF DESICCATED COCONUT FROM THE PHILIPPINES

Destination	1963	1964 [1]	1965 [2]	January-June 1965 [2]	January-June 1966 [2]
	Short tons	*Short tons*	*Short tons*	*Short tons*	*Short tons*
United States	60,955	58,896	59,641	21,257	22,246
Canada	3,048	3,553	3,438	1,377	1,990
Germany, West	2,639	936	2,467	1,094	1,140
Denmark	636	499	905	439	407
Netherlands	568	510	1,180	325	638
Australia	3,549	4,223	4,501	2,821	1,820
New Zealand	254	552	416	104	170
Others	2,008	1,929	3,208	1,172	1,903
Total	73,657	71,098	75,756	28,589	30,314

[1] Revised. [2] Preliminary.
Associated Steamship Lines, Manila.

Fishmeal Production and Exports by FEO

Production of fishmeal by the six members of the Fishmeal Exporters' Organization (FEO) in January-May 1966 rose to over 1.4 million metric tons—307,300 tons above production in the comparable 1965 period and a record for the 5-month period.

During the same 5 months, FEO exports of fishmeal amounted to only 922,100 tons—136,000 tons below the high achieved in January-May 1965.

Aggregate production of fishmeal in FEO countries during January-May 1966 exceeded exports by nearly 520,000 tons, compared with only about 75,000 in the same period of 1965.

PRODUCTION AND EXPORTS OF FISHMEAL BY FEO COUNTRIES, JANUARY-MAY

Country	Production 1965	Production 1966	Exports 1965	Exports 1966
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Angola [1]	15.6	15.8	19.8	14.9
Chile	41.4	115.8	46.4	79.3
Iceland	34.3	41.5	42.7	56.0
Norway	107.0	175.1	73.6	90.5
Peru	786.1	962.9	785.8	626.7
South Africa	149.2	129.8	89.8	54.7
Total	1,133.6	1,440.9	1,058.1	922.1

[1] Does not include data for May.
Fishmeal Exporters' Organization, Paris.

EEC To Finance Senegalese Peanut Facilities

Fonds Européen de Développement (FED), the economic assistance agency of the European Economic Committee, recently announced its decision to finance the construction of storage facilities in Senegal, at a total cost of 951 million CFA francs (US$3.9 million).

The facilities to be constructed will accommodate 270,000 metric tons of peanuts (unshelled) and will facilitate more orderly marketing of the crop, allowing sales to be spread over a longer period.

U.S. Tobacco Exports Ease in Fiscal 1966

U.S. exports of unmanufactured tobacco in fiscal 1966, at 472.2 million pounds (export weight), were 2.4 percent below the 484.0 million shipped out in fiscal 1965. Export value was $394.7 million compared with $395.3 million in fiscal 1965.

Preliminary data indicate that flue-cured exports in fiscal 1966 totaled 348.4 million pounds (export weight)—down 6.5 percent from the 372.7 million exported in fiscal 1965. This drop more than offset larger exports of other kinds of tobacco—especially dark-fired Kentucky-Tennessee, Virginia fire-cured, and cigar tobaccos. Exports of burley and Maryland rose about 1 percent from the previous fiscal year's exports.

Exports of flue-cured tobacco in fiscal 1967 are likely to rise significantly above the low levels of the past 2 fiscal years.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO
[Export weight]

Kind	Quantity Fiscal 1965	Quantity Fiscal 1966 [1]	Percent change	Value Fiscal 1965	Value Fiscal 1966 [1]
	1,000 pounds	*1,000 pounds*	*Percent*	*1,000 dollars*	*1,000 dollars*
Flue-cured	372,743	348,444	— 6.5	312,469	306,440
Burley	47,081	47,388	+ 0.7	37,132	38,396
Dark-fired Ky.-Tenn.	18,756	22,230	+18.5	9,760	11,633
Va. fire-cured [2]	4,824	6,593	+36.7	3,448	4,404
Maryland	10,405	10,497	+ 0.9	8,223	8,325
Green River	1,190	666	—44.0	625	398
One Sucker	670	873	+30.3	336	373
Black Fat	3,829	4,130	+ 7.9	3,439	3,620
Cigar wrapper	3,843	4,568	+18.9	11,668	14,136
Cigar binder	2,148	2,378	+10.7	2,000	2,139
Cigar filler	610	986	+61.6	337	572
Other	17,889	23,429	+31.0	5,832	4,280
Total	483,988	472,182	— 2.4	395,269	394,716

[1] Preliminary; subject to revision. [2] Includes sun-cured.
Bureau of the Census.

Cigarette Output Up in Surinam

Cigarette output in Surinam last year totaled 99.6 million pieces, compared with 90.7 million in 1964 and the 1963 high of 103.2 million.

Cigar production rose to 769,000 pices from 759,000 pieces in 1964 but was still slightly below the 1960-64 annual average of 777,000 pieces.

Guatemala's Cigarette Output Sets New High

Guatemala's cigarette output last year set a new high of 2,303 million pieces. This was a 9.8-percent increase over the 1964 level of 2,097 million pieces.

Hamburg's Prices on Canned Fruits, Juices

Importers' selling prices, duty and tax paid, in Hamburg, West Germany, for lots of 50-100 boxes in July 1966, April 1966, and July 1965 are compared below.

Type and quality	Size of can	Price per dozen units: July 1965	April 1966	July 1966	Origin
CANNED FRUIT		*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	
Apricots, halves:					
Fancy	2½	3.42	—	3.39	S. Africa
Choice	2½	3.36	—	3.30	S. Africa
Do.	10	—	—	11.46	Spain
Standard	2½	—	3.36	3.21	S. Africa
Quality not specified	2½	—	—	3.21	Greece
Do.	2½	—	4.80	4.80	U.S.
Do.	1 tall	—	2.43	2.43	U.S.
Peaches, halves:					
Choice	2½	—	4.11	3.63	S. Africa
Do.	2½	3.75	4.02	3.81	Australia
Choice, heavy syrup	10	15.09	15.75	15.00	U.S.
Heavy syrup	2½	—	4.26	3.72	U.S.
Do.	2½	3.18	3.39	3.15	Bulgaria
Quality not specified	2½	3.27	3.60	3.48	Greece
Do.	10	12.45	14.85	14.85	Spain
Pears:					
Choice	2½	3.75	—	3.87	Australia
Do.	2½	3.80	4.44	4.26	Argentina
Quality not specified	1 tall	—	3.03	3.03	U.S.
Whole baby pears	1	—	3.33	3.27	Netherlands
Fruit cocktail:					
Choice, heavy syrup	2½	4.71	5.28	5.31	U.S.
Do.	2½	4.64	4.32	4.05	Australia
Do.	10	—	22.05	20.25	U.S.
Choice, light syrup	2½	4.65	5.10	4.98	U.S.
Do.	2½	—	4.05	3.87	Australia
Heavy syrup	303	—	3.24	3.30	U.S.
Quality not specified	2½	—	5.25	5.25	Argentina
Fruit salad, quality not specified	2½	4.55	4.71	4.71	Spain
Do.	2½	—	8.67	8.61	U.S.
Do.	15 oz.	2.37	2.49	2.61	Spain
Sour cherries, pitted in syrup	15 oz.	3.39	3.78	3.78	Canada
Do.	303	—	—	3.63	U.S.
Pineapple:					
Whole slices:					
Fancy, extra heavy syrup	2½	4.50	4.58	4.64	U.S.
Fancy	2½	—	4.56	4.56	Philippines
Choice, no sugar	2	—	3.36	4.05	U.S.
Choice, 10 slices	2	2.06	2.39	2.34	Malaya
Quality not specified	2½	3.60	3.75	3.60	Taiwan
Do.	2½	3.60	3.81	3.60	S. Africa
Do.	2½	3.54	3.64	3.54	Ivory Coast
Do.	2½	—	3.81	3.72	Kenya
Pieces:					
Fancy, extra heavy syrup	2½	—	—	4.35	Philippines
Choice	12 oz.	1.58	2.58	1.46	Malaya
Quality not specified	2½	3.12	2.10	3.15	Taiwan
Do.	2½	—	—	3.12	Ivory Coast
Crushed:					
Fancy	2½	—	—	4.38	U.S.
Quality not specified	2½	—	3.00	2.97	U.S.
Do.	10	9.93	—	12.60	Taiwan
Do.	10	9.33	9.33	9.03	S. Africa
CANNED JUICE					
Orange unsweetened	43 oz.	3.96	3.86	3.88	Greece
Do.	2	—	—	1.70	Greece
Do.	2	—	1.74	1.66	Italy
Grapefruit, unsweetened	43 oz.	4.56	4.51	4.42	Israel
Do.	2	1.92	1.93	1.94	Israel
Do.	2	—	1.93	1.94	Trinidad
Do.	2	—	2.19	2.19	U.S.

[1] Special offer.

Polish Strawberry Crop Below 1965 Level

Poland's 1966 strawberry crop was delayed by late frosts and rains. Then the harvest was cut short by hot weather. As of mid-July, 100 million pounds had been purchased. The total crop may range between 175 and 200 million pounds; the record was 260 million in 1965.

The 100 million pounds have been allocated as follows: 57 million for the domestic market (probably sold fresh), 40 million for industrial processing, and 3 million for export. Last year 4 million pounds were exported.

Egyptian Selling Rates for 1966-67 Cotton

On July 18, the Egyptian Government announced initial export selling rates for cotton produced in 1966-67 and graded Good and above. Most selling rates for these qualities were from 83 to 207 U.S. cent points per pound lower than opening rates a year ago; however, the rates for Menoufi and FG grades and better of Giza 47, Giza 67, and Dendera were unchanged. It is still uncertain whether selling rates have been announced for any new-crop varieties below Good quality.

The rates are subject to weekly revision, but no changes have been noted at this writing. During the 1965-66 season, official export selling rates were raised twice.

OFFICIAL EXPORT SELLING RATES FOR EGYPTIAN COTTON

Variety and year	Grade of cotton: FG/Extra	FG +¼	FG	FG —¼	G/FG	G
Giza 45:	*Cents per lb.*	*Cents per lb.*	*Cents per lb.*	*Cents per lb.*	*Cents per lb.*	*Cents per lb.*
1965-66	57.36	54.04	50.71	46.97	43.23	39.49
1966-67	56.12	52.79	49.47	45.72	41.98	38.66
Menoufi:						
1965-66	50.71	48.22	44.48	40.74	38.24	35.33
1966-67	50.71	48.22	44.48	40.74	38.24	35.33
Giza 68:						
1965-66	50.71	48.22	44.48	40.74	38.24	35.33
1966-67	49.88	47.39	43.65	39.90	37.41	34.50
Giza 47:						
1965-66	39.90	37.83	35.75	33.67	32.01	30.34
1966-67	39.90	37.83	35.75	32.84	30.76	29.10
Giza 67:						
1965-66	38.66	36.58	34.50	32.84	31.59	30.34
1966-67	38.66	36.58	34.50	32.01	29.93	28.27
Dendera:						
1965-66	38.66	36.58	34.50	32.84	31.18	30.14
1966-67	38.66	36.58	34.50	32.01	29.93	28.27
Giza 66:						
1965-66	34.92	33.46	32.01	30.55	29.10	26.60
1966-67	33.67	32.21	30.76	29.10	27.43	25.36

Netherlands Coffee Imports Off in 1965

The Netherlands last year imported 1,377,784 bags (of 132.276 lb.) of coffee for home consumption—slightly less than in 1964 despite a rise of some 7 percent in coffee consumption. The higher 1964 import resulted from stockpiling prior to the increase in the EEC tariff on third-country coffee—from 2 percent to 5 percent.

Angola and Brazil had 36 percent and 25½ percent of the market, up one-half percent each from 1964.

Trade in Indonesian coffee increased in 1965, although most of this consisted of transit coffee. The Associated African Countries supplied one-half percent of the imports for home consumption, against 2 percent in 1964.

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Highlights of the Agriculture and Trade of Bulgaria

Resources:–Bulgaria's population of 8.2 million includes a total labor force of 3.5 million, one-half of which is engaged in agriculture. Of the total land area of 42,800 square miles approximately 52 percent, or 14.3 million acres is devoted to agriculture. Arable area is 11.9 million acres and of this about 9.7 million acres are sown.

Farm Inputs:–Recurring droughts in Bulgaria explain the extensive use of irrigation there. In 1964, 3 million acres were irrigated with an additional 138,000 acres planned for 1965. Thus, roughly 20 percent of the country's farming land has some form of irrigation. Irrigated land is used for priority crops: sugarbeets, tobacco, fruit, wheat, barley, and corn.

Fertilizer inputs tripled between 1957 and 1963 reaching 1,124,150 tons in 1964. With 32 pounds of plant nutrients per acre of arable land and 40 pounds per acre of sown area Bulgaria ranks second to the bottom in Eastern Europe. Application rates for such crops as wheat, corn, vegetables, industrial crops, and some fruits are higher than the average.

Tractor numbers reached 35,000 in 1964. Although this represents a major increase over earlier years, Bulgaria's tractor-land ratio is still low with one tractor per 175 acres of sown area. Only Poland in Eastern Europe has fewer tractors per acre.

Agricultural Production:–Agricultural production in 1964 and 1965 was 18 percent above the 1957-59 average, with per capita output 11 percent above that level. Major grain crops in Bulgaria are wheat, corn, and barley in that order. Tobacco, sunflowerseeds, and sugarbeets are the important industrial crops. Bulgaria produces large quantities of fruits, grapes, and vegetables.

Livestock numbers in Bulgaria were up substantially in 1965 over the 1957-59 level, especially hogs and sheep. Meat production was up by 20 percent, milk production by 23 percent, and egg production by more than 50 percent.

Policy:–The structure of agriculture in Bulgaria is similar to that of the other socialist nations. The framework of collectivization has been established and no basic changes are planned with the possible exception of fewer restrictions on the small private plots. Agricultural production in the 1960's, despite considerable growth, has been deemed unsatisfactory by the Bulgarian Government and changes in policy are taking place. The 1966 plan emphasizes higher procurement prices and premiums, greater inputs of fertilizer and tractors, better agricultural management by more qualified specialists, and better utilization of resources. Special attention will be given to food- and feedgrain production. The plan calls for 2.7 million tons of foodgrains and 3.7 million tons of feedgrains in order to satisfy the country's present requirements.

Food Situation:–Average daily caloric intake for Bulgarians in 1959-61 was 2,910, including 2.85 ounces of protein and 2.0 ounces of fat. Two-thirds of the consumption was cereal grains; 5 percent meats and dairy products; 10 percent fats; and 7 percent sugar. The remainder was accounted for by consumption of vegetables and fruit, which is 40-60 percent above that of any other country in the region. Cereal consumption in Bulgaria is also higher than in other East European countries, but consumption of potatoes, meat, fish, and eggs is much lower.

Foreign Trade:–Although trade with the western world is now slowly increasing, the major volume of trade is still with Communist countries, especially the Soviet Union. Of Bulgaria's important vegetable and fruit exports, 86 percent went to CEMA countries in 1963.

Trade With the United States:–U.S.-Bulgarian trade has increased since diplomatic relations were reestablished in 1959. The average value of U.S. imports for 1961-65 was $990,400. The total value of U.S. exports to Bulgaria has fluctuated sharply from $6,000 in 1961 to $4.4 million in 1964, dropping to $2.5 million in 1965. Major U.S. exports to Bulgaria include tallow, cotton, corn, and soybeans. U.S. imports from Bulgaria have been primarily rose oil, paprika, and Pecorino cheese. Only the rose oil imports have steadily increased; they now account for more than 17 percent of the rose oil exported by Bulgaria. The United States buys approximately 28 percent of Bulgaria's paprika and 4 percent of its Pecorino cheese. Until the last 2 years the balance of trade has been strongly in Bulgaria's favor.

—NATASHA SOROKA
Foreign Regional Analysis Division, ERS

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